MANAGEMENT DISCUSSION AND ANALYSIS

This management's discussion and analysis ("MD&A") should be read in conjunction with the unaudited financial statements for the three months ended March 31, 2013 and March 31, 2012, and the audited annual financial statements for the years ended December 31, 2012 and December 31, 2011 for Alaris Royalty Corp., ("Alaris" or the "Corporation"). The Corporation's unaudited condensed consolidated interim financial statements and the notes thereto have been prepared in accordance with IAS 34 and are reported in Canadian dollars. These financial statements do not contain all disclosures required by International Financial Reporting Standards ("IFRS") for annual financial statements and, accordingly, should also be read in conjunction with the most recently prepared annual consolidated financial statements for the year ended December 31, 2012, which have been prepared in accordance with IFRS. Certain dollar amounts in the MD&A have been rounded to the nearest thousands of dollars.

This MD&A contains forward-looking statements that are not historical in nature and involve risks and uncertainties. Forward-looking statements are not guarantees as to the Corporation's future results since there are inherent difficulties in predicting future results. Accordingly, actual results could differ materially from those expressed or implied in the forward-looking statements. See "Forward Looking Statements" for a discussion of the risks, uncertainties and assumptions relating to those statements. Some of the factors that could cause results or events to differ from current expectations include, but are not limited to, the factors described under "Risks and Uncertainty". This MD&A also refers to certain non-IFRS measures, including EBITDA, to assist in assessing the Corporation's financial performance. The term EBITDA (the "Non-IFRS Measure") is a financial measure used in this MD&A that is not a standard measure under IFRS. The Corporation's method of calculating the Non-IFRS Measure may differ from the methods used by other issuers. Therefore, the Corporation's Non-IFRS measure may not be comparable to similar measures presented by other issuers. See "Results of Operations" for a reconciliation of EBITDA to earnings.

EBITDA refers to earnings determined in accordance with IFRS, before depreciation and amortization, net of gain or loss on disposal of capital assets, interest expense and income tax expense. EBITDA is used by management and many investors to determine the ability of an issuer to generate cash from operations. Management believes EBITDA is a useful supplemental measure from which to determine the Corporation's ability to generate cash available for debt service, working capital, capital expenditures, income taxes and dividends.

The Corporation has provided a reconciliation of earnings to EBITDA in this MD&A. This Non-IFRS measure should only be used in conjunction with the Corporation's annual audited statements, excerpts of which are available below, while complete versions are available on SEDAR at www.sedar.com.

OVERVIEW

The Corporation earns its revenues by providing capital to private businesses (individually, a "**Private Company Partner**" and collectively the "**Partners**"). The Corporation's revenue consists of royalties and preferred distributions ("**Distributions**") received in regular monthly payments that are contractually agreed to between the Corporation and each Private Company Partner. These payments are set for twelve months at a time and adjusted annually based on the audited performance of each Private Company Partner's gross revenue, gross margin, same store sales, or other similar "top-line" performance measure. The Corporation has limited general and administrative expenses with only eight employees.

RESULTS OF OPERATIONS

Three Months Ended March 31, 2013 Compared to Three Months Ended March 31, 2012

Revenues for the three months ended March 31, 2013 reflect Distributions from transactions involving each of Alaris' ten Partners for that period (2012 – seven). In the three months ended March 31, 2013, revenues from the Partners totaled $10.77 million compared to $6.93 million in the three months ended March 31, 2012. The increase of 55.3% compared to the same prior year period is a result of new Partners added in the last twelve months as well as year over year performance metric adjustments from each of the Partners. Revenues from KMH were $2.07 million in the period compared to $1.05 million in the same prior year period. The 97.2% increase due to further investments into KMH of $27 million in the last half of 2012. Revenues from LifeMark were $1.75 million compared to $1.69 million in the same prior year period, an increase of 4% (fixed annual increase effective July 1) as per the Partnership agreement. Revenues from Labstat were $1.55 million in the quarter and nil in the prior year as the transaction closed in June 2012. Revenues from Killick were $1.44 million compared to $1.08 million in the same prior year period, an increase of 34.1% based on a 3.1% gross revenue increase in July 2012 as well as a further investment into Killick in December 2012. Distributions from Quetico were $1.17 million compared to $1.06 million in the same prior year period due to a maximum increase in gross profit (per the LLC agreement) of 10%. Distributions from Solowave were $1.17 million compared to $1.24 million in the same prior year period, a decrease of 6% due to the year over year performance adjustment based on the change in same customer net sales. Revenues from LMS were $0.58 million in the period compared to $0.48 million in the prior year period, an increase of 22% due to the year over year performance adjustment based on the change in gross profit for LMS effective January 1, 2013. Revenues from Agility Health commenced in December 2012 and were $0.50 million in the period. Revenues from End of the Roll were $0.34 million in the quarter compared to $0.34 million in the same prior year period, a decrease of 0.7% as a result of a same store sales decrease that was effective May 1, 2012. Revenues from SHS commenced in March 2013 and were $0.20 million in the period. See "Private Company Partner Update" for more information on the individual Partners' performance.

Finance costs of $595,061 in the period were higher compared to $116,178 in the prior year period because $387,500 in renewal fees on the senior debt credit facility were paid in the first quarter in 2013 (renewal fees paid in second quarter in 2012) as well as a small increase in senior debt levels up to March 31, 2013.

In the three months ending March 31, 2013, non-cash stock based compensation expenses increased 108.8% to $729,698 (2012 - $349,488) that included: $342,012 to amortize the fair value of the RSU Plan (2012 – $97,974); $387,686 to recognize the fair value of outstanding stock options (2012 – $210,114); and $0 to recognize the fair value of shares issued to management in lieu of dividends under the RSU Plan (2012 - $41,400). The amount increased in the period because the original management Restricted Share Units ("**RSUs**") issued in 2008 were fully amortized over the three year vesting period that ended late in 2011 and new RSUs were issued in September 2012. Additionally, new options were issued in September 2012 that increased the expense in the current period. Also in the period, the Corporation made cash payments based on current dividend rates of $64,631 to employees and directors in lieu of dividends under the RSU Plan (2012 - $68,146).

Salaries and benefits were $290,773 in the period compared to $232,810 in the prior year period. The increase of 24.9% was due to salary increases effective September 2012 based on an executive compensation review completed by a third party consultant.

Corporate and office expenses were $384,217 compared to $307,157 in the prior year period and include office rent, travel and corporate administrative expenses. The 25.1% increase was due mostly to increased travel expenses consistent with an increase in deal flow, administrative expenses around the Corporation's increased market capitalization, and additional expenses relating to foreign subsidiaries.

Legal and accounting expenses were $153,575 for the period compared to $185,327 for the prior year period. The 17.1% decrease was due to additional legal and accounting costs incurred in the prior year period associated with the Corporation's first international Partner and the transition to IFRS.

Depreciation and amortization include the depreciation of capital assets and the amortization of the intangible assets. The Corporation amortizes its intangible assets over the term of the licensing agreement and depreciates capital assets over the estimated useful lives. The Corporation does not amortize preferred interests in limited partnerships. Since these transactions are treated as financial instruments, they are assessed for objective evidence of impairment at each balance sheet date. The Corporation recorded amortization and depreciation of $26,427 (2012 - $26,540) in the three months ended March 31, 2013.

The Corporation recorded earnings of $6.69 million and EBITDA of $9.39 million for three months ended March 31, 2013 compared to earnings of $3.96 million and EBITDA of $5.64 million for the three months ended March 31, 2012. The increase in earnings and EBITDA can be attributed to the addition of new Partners in Labstat (June 2012), Agility Health (December 2012), and SHS (March 2013) and follow-on investments into KMH and Killick in the second half of 2012 while expenses remained relatively consistent compared to the same prior year period.

Reconciliation of Net Income to EBITDA (thousands)	3 months ending March 31, 2013	3 months ending March 31, 2012
Earnings	$6,689	$3,957
Adjustments to Net Income:		
Amortization and depreciation	26	27
Interest expense	595	116
Income tax expense	2,076	1,538
EBITDA	$9,386	$5,638

For the three months ended March 31, 2013, dividends were declared for January through March at $0.105 per common share totalling $7,898,919 for the period. In the prior year period, dividends were declared for $0.095 per common share in each month totalling $5,550,235.

A portion of the cash held at March 31, 2013 of $6.0 million was used to satisfy the dividend declared in March 2013 (payable April 15, 2013).

The Corporation has a $50.1 million interest only senior debt facility with a two-member Canadian bank syndicate, which was drawn to $14 million at March 31, 2013. Subsequent to March 31, 2013, the $14 million was repaid.

The Corporation has recorded a $7.4 million deferred income tax asset on its balance sheet to reflect the accounting value of unused tax pools based on the Corporation's internal projections.

PRIVATE COMPANY PARTNER UPDATE

The Corporation's interest in each of the Partners consist of a preferred partnership interest or ownership of intellectual property with a return based on a formula linked to a top-line metric (sales or gross profit) rather than a residual equity interest in the net earnings of such entities. The Corporation's role with each of the Partners is passive in all cases. The Corporation has no involvement in the day to day business of each Private Company Partner and has no rights to participate in management decisions. The Corporation does not have any significant influence over any of the Partners nor does it have the ability to exercise control over such Partners. Instead, the Corporation has certain restrictive covenants in place designed to protect the ongoing payment of the annual royalties and distributions payable to Alaris. In addition, the Partners are required to obtain the consent of Alaris in certain circumstances prior to entering into a material transaction. Such transactions generally include acquisitions & divestitures, major capital expenditures, change of control and incurring additional indebtedness.

LifeMark – Physiotherapy and rehabilitation services have not historically seen any significant year over year swings as people will continue to get injured and require the services that LifeMark provides. However, based on the terms of the amended Partnership agreement dated June 9, 2011, the LifeMark distribution increases by 4% each period ending June 30. The distributions are supported by LifeMark's parent company, Centric Health Corporation ("Centric""), a Canadian public company, who reports to Alaris quarterly going forward. For the year months ended December 31, 2012, Centric's revenues and EBITDA are both approximately 100% ahead of the prior year period results. The significant year over year improvement comes from the impact of the LifeMark acquisition. Centric has the option to repurchase the remaining partnership units owned by the Corporation starting in June 2013 at a fixed price of $65.5 million. If the units are not repurchased, both the $65.5 million and the annual distributions (scheduled at $7.02 million for 2013) will increase by 4% effective July 1, 2013. Subsequent to March 31, 2013, the Corporation permitted an early redemption of a portion of the remaining partnership units for proceeds of $22.5 million. The new annualized distributions from LifeMark will be $4.61 million and the remaining redemption value of the units is $43 million.

LMS – Volumes have continued to increase and are expected to continue to improve based on work on hand and recent project bidding activity. Based on audited financial statements, for the year ended September 30, 2012, total gross profit dollars were 22% ahead of the prior year due to increased volume and consistent margins. Total gross profit is the top-line performance metric on which the annual distributions to the Corporation are reset. LMS recently changed its year-end to December 31 and based on unaudited financial statements for the two months ended February 28, 2013, volumes and revenues continue to increase and total gross profit is approximately 10% ahead of the prior year. A portion of the annual distributions from LMS reset on January 1, 2013 and the remainder on April 1, 2013 based on the September 2012 results. LMS management expects continued improvement into its 2013 fiscal year. Including the resets in 2013 and interest on two short-term promissory notes issued in January 2013, revenues from LMS are currently scheduled at $2.92 million for 2013.

End of the Roll – End of the Roll completed its seventh fiscal year as an Alaris partner on April 30, 2012. Same store sales results are the top-line performance metric on which the annual payments to the Corporation are reset. Same store sales for End of the Roll decreased 0.8% for the year ended April 30, 2012 as the renovation industry was relatively stable year over year. Based on unaudited financial statements for the ten months ended February 28, 2013, revenues and EBITDA are only slightly behind prior year results. Distributions are currently scheduled at $1.17 million for 2013.

KMH – In 2012, the Corporation announced the purchase of additional preferred partnership units in KMH Limited Partnership for an aggregate acquisition cost of $27.4 million, on top of the $5 million in preferred partnership interests purchased in 2010, and the $22.4 million in preferred partnership interests in 2011. KMH is a private healthcare company operating twelve diagnostic clinics (nuclear medicine, cardiology and MRI) in Ontario and now nine clinics in the United States. Based on unaudited internal financial statements provided by KMH's management for the year ended November 30, 2012, total revenues are more than 5% ahead of prior year results and EBITDA is significantly ahead of prior year results. Same clinic sales is the top-line performance metric on which the annual distributions to the Corporation are reset but due to a number of transactions with the Corporation, it was agreed to push the next reset date back until January 1, 2014. Based on unaudited financial statements for the two months ended February 28, 2013, revenues and EBITDA are well ahead of prior year results. Distributions on the KMH preferred units are currently scheduled at $8.27 million for 2013 after the recent purchase of additional units.

Solowave – In December 2010, the Corporation purchased preferred partnership units in Solowave Design Limited Partnership for an aggregate acquisition cost of $32.5 million. Solowave is a Canadian-based privately held designer and manufacturer of residential, ready-to-assemble wooden play centers. Solowave sells its products under the brands "Big Backyard" and "Cedar Summit Play Systems". Solowave's year end is October 31st and based on audited financial statements for the year ended October 31, 2012, revenues were 6% lower and EBITDA was 12% lower than prior year results. The decline in revenue and EBITDA were a result of softness in the American market that was partially offset by growth in Canadian and international business. Annual growth in Solowave's distributions to Alaris is capped at 6%. There is also a maximum decline in the annual distributions of 6%. The annual distributions go up and down with Same Customer Net Sales and Solowave's same customer net sales declined just over the maximum 6% for the 2012 period. Based on unaudited financial statements for the four months ended February 28, 2013, revenues and EBITDA are consistent with prior year results. Distributions on the Solowave preferred units are currently scheduled at $4.66 million for 2013.

Killick – In December 2012, the Corporation announced the purchase of $9 million of additional preferred partnership units in Killick Aerospace Partnership in addition to the initial acquisition of units for $26.25 million. Killick is a Canadian-owned, Dallas-based privately help participant in the global aircraft maintenance, repair and overhaul industry. Killick's year end is December 31st and based on unaudited internal financial statements for the year ended December 31, 2012, revenues and EBITDA are well ahead of the prior year results as Killick has continued to find new opportunities, particularly in the parts sales business. Annual growth in Killick's distributions to Alaris is capped at 4% and is based on the change in gross revenues. There is also a maximum decline in the annual distributions of 4%. The distributions increased by 3.1% effective July 1, 2012 based on the audited December 2011 results. Based on unaudited financial statements for the two months ended February 28, 2013, revenues and EBITDA are significantly ahead of prior year results. The distributions are currently scheduled at $5.77 million and will reset again on July 1, 2013 based on the audited results for December 2012.

Quetico – In November 2011, the Corporation announced the purchase of preferred LLC units in Quetico, LLC for an aggregate acquisition cost of $26.9 million USD. Quetico is a provider of wholesale, inventory management and third party logistic services. Quetico's year end is December 31st and based on unaudited internal financial statements for the year ended December 31, 2012, revenues and EBITDA were significantly ahead of the prior year results. Annual growth in Quetico's distributions to Alaris is capped at 10% and is based on the change in gross profit. There is also a maximum decline in the annual distributions of 20%. Gross profit were well in excess of the 10% maximum compared to the prior year so distributions from Quetico increased 10% effective January 1, 2013 and are scheduled at approximately $4.7 million in Canadian dollars for 2013. Based on unaudited financial statements for the two months ended February 28, 2013, revenues and EBITDA are lagging behind the prior year results but Quetico management expects improved results over the remainder of the 2013 fiscal year. The Corporation has purchased monthly forward contracts locking in the foreign exchange rate for all of 2013 and 75% of 2014.

Labstat – In June 2012, the Corporation announced the purchase of partnership units in Labstat International, Limited Partnership for an aggregate acquisition cost of $41.2 million. Labstat is the global leader in regulation-driven analysis of tobacco products. Labstat's year end is December 31st and based on unaudited internal financial statements for the year ended December 31, 2012, revenues and EBITDA were consistent with prior year results. Annual growth in Labstat's distributions to Alaris is capped at 6% and is based on the change in gross revenues. There is also a maximum decline in the annual distributions of 6%. The first reset on distributions will not occur until January 1, 2014 based on the audited December 2013 results. Based on unaudited financial statements for the three months ended March 31, 2013, revenues and EBITDA are lagging behind the prior year results as their customers have slowed down product testing ahead of the estimated April 2013 launch of the new regulations in the United States. Subsequent to March 31, 2013, the Corporation created a short-term credit facility of $4.6 million (drawn to $2 million in April 2013) to ensure Labstat has sufficient working capital throughout the transition period. Labstat Distributions are currently scheduled at $6.18 million for 2013.

Agility – In December 2012, the Corporation announced the purchase of partnership units in Agility Health, LLC for an aggregate acquisition cost of $12.5 million USD. Agility is a private health care company specializing in rehabilitation services across the United States. Agility's year end is December 31st and the distributions to the Corporation will not change until the completion of Agility's 2013 fiscal year. Annual growth in Agility's distributions to Alaris is capped at 6% and is based on the change in same clinic sales. There is also a maximum decline in the annual distributions of 6%. Distributions are currently scheduled at $1.99 million in Canadian dollars for 2013. The Corporation has purchased monthly forward contracts locking in the foreign exchange rate for all of 2013 and 75% of 2014.

SHS – In March 2013, the Corporation announced the purchase of partnership units in SHS Services Management, LP for an aggregate acquisition cost of $15 million. SHS is a private home services company operating in Canada. SHS's year end is December 31st and the distributions to the Corporation will not change until the completion of SHS's 2014 fiscal year. Annual growth in SHS's distributions to Alaris is capped at 6% and is based on the change in same program sales. There is also a maximum decline in the annual distributions of 6%. Distributions are currently scheduled at $2.5 million in Canadian dollars for the first twelve months.

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2013, the Corporation had a $50.1 million senior credit facility ($50 million drawn at December 31, 2012) provided by two Canadian chartered banks. The senior facility was renewed on December 31, 2012 at an interest rate of Canadian prime plus 3% (no change). The senior credit facility is an interest-only, 364-day revolving loan that is due December 31, 2013. The facility carries a three-year term out option in the event the loan is not renewed. Therefore at March 31, 2013, $1,166,667 is recorded as a current liability as the first potential principal repayment would be in January 2014 and then only if the facility is not renewed in December 2013. At March 31, 2013, the Corporation met all of its covenants as required by the senior credit facility. Those covenants include a maximum debt to EBITDA of 1.7:1 (0.34:1 at March 31, 2013); minimum tangible net worth of $302.3 million ($337.8 million at March 31, 2013); and a minimum fixed charge coverage ratio of 1:1 (1.12:1 at March 31, 2013). During the current quarter, the Corporation repaid a total of $51 million as follows: $44 million from proceeds from a share offering, $5 million from proceeds from a private placement relating to the SHS transaction and $2 million out of working capital. During the current quarter, the Corporation drew $15 million for the SHS transaction. Subsequent to March 31, 2013, the Corporation repaid the $14 million that was outstanding using proceeds from the redemption of a portion of the LifeMark units.

The Corporation had 25.209 million voting common shares outstanding at March 31, 2013. The Corporation had working capital of approximately $4.2 million at March 31, 2013. Under the current terms of the various commitments, the Corporation has the ability to meet all current obligations as they become due.

WORKING CAPITAL

The Company's working capital (defined as current assets less current liabilities) at March 31, 2013 and December 31, 2012 is set forth in the tables below.

	March 31, 2013	December 31, 2012
Cash	6,009,865	3,638,255
Trade and other receivables	2,842,934	3,417,642
Prepayments	40,349	182,811
Total Current Assets	$8,893,148	$7,238,708
Accounts payable & accrued liabilities	536,770	1,805,561
Dividends payable	2,646,957	2,345,347
Income taxes payable	341,837	40,585
Loans and borrowings	1,166,667	-
Total Current Liabilities	$4,692,231	$4,191,493
Net Amount	$4,200,917	$3,047,215

FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument to another entity. Upon initial recognition all financial instruments, including derivatives, are recognized on the balance sheet at fair value. Subsequent measurement is then based on the financial instruments being classified into one of five categories: held for trading, held to maturity, loans and receivables, available for sale and other liabilities. The Corporation has designated its financial instruments into the following categories applying the indicated measurement methods:

Financial Instrument	Category	Measurement Method
Cash and cash equivalents	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Preferred LP units	Available for sale	Fair value
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Bank indebtedness	Other liabilities	Amortized cost
Derivative financial instruments	Loans and receivables	Fair value

The Corporation will assess at each reporting period whether there is a financial asset, other than those classified as held for trading, that is impaired. An impairment loss, other than temporary, is included in net earnings.

The Corporation holds derivative financial instruments to hedge its foreign currency exposure. The Corporation has entered into forward contracts equal to the monthly and quarterly flow of funds from its investment in Quetico and Agility, the Corporation's two foreign investments. The Corporation matched 100% of the 2013 scheduled distributions to the Canadian parent and approximately 75% of the expected 2014 distributions resulting in an economic hedge of the foreign currency exposure. The fair value of the forward contracts will be estimated at each reporting date and any gain or loss on the contracts will be recognized in profit or loss.

The Corporation records all transaction costs incurred, in relation to the acquisition of investments classified as "available for sale", as an additional cost of the investment. The Corporation applies trade-date accounting for the recognition of a purchase or sale of cash equivalents and derivative contracts.

The Corporation has the following financial instruments that mature as follows:

	Total	0-6 Months	6 mo – 1 yr	1 – 2 years	3 – 4 years
Accounts payable and accrued liabilities	$536,770	$536,770	$0	$0	$0
Dividends payable	2,646,957	2,646,957	0	0	0
Income taxes payable	341,837	341,837	0	0	0
Bank indebtedness	14,000,000	0	1,166,667	9,333,333	3,500,000
Total	$17,525,564	$3,525,564	$1,166,667	$9,333,333	$3,500,000

The Corporation has sufficient cash on hand to settle all current accounts payable, accrued liabilities, dividends payable and all scheduled repayments on the senior debt. In the event the senior debt is not renewed and principal payments become due, the debt would be refinanced, or alternatively, management expects that there would be sufficient cash flow from operations to meet all required repayments.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

There are no changes in internal controls over financial reporting. A complete discussion of the internal controls over financial reporting can be found under the MD&A that accompany the audited financial statements for the year ended December 31, 2012.

SUMMARY OF CONTRACTUAL OBLIGATIONS

Other than the senior credit facility described under “Liquidity and Capital Resources”, the only material contractual obligation of the Corporation is its lease for office space. The Corporation agreed to a seven-year lease at a new location that commenced in 2009. Annual leasing costs will be approximately $160,000.

Contractual Obligations	Total	Less than 1 year	1 – 3 years	4 – 5 years	After 5 years
Long term debt	14,000,000	1,166,667	12,833,333	0	0
Office lease	609,964	124,765	485,199	0	0
Total Contractual Obligations	14,609,964	1,291,432	13,318,532	0	0

CRITICAL ACCOUNTING ESTIMATES AND POLICIES

Management is required to make estimates when preparing the financial statements. Significant estimates include the amount of liabilities for services provided but not yet invoiced, stock-based compensation expenses, deferred income tax amounts, valuation of intangible assets and preferred limited partnership units.

The Corporation capitalizes legal and accounting costs relating to a specific transaction once a letter of intent has been signed. The Corporation's transactions structured as limited partnerships or LLC’s are not amortized and will be assessed for objective evidence of impairment at each balance sheet date. The Corporation's intangible assets are being amortized over the 80-year term of the agreements on a straight-line basis.

SUMMARY OF QUARTERLY RESULTS

Amounts are in thousands except for income (loss) per unit/share:

	Q1-13	Q4-12	Q3-12	Q2-12	Q1-12	Q4-11	Q3-11	Q2-11
Revenue	10,807	9,037	8,792	7,239	7,038	5,815	4,842	32,957
Earnings	6,689	4,931	4,868	4,160	3,957	6,369	2,721	22,710
Basic and Diluted Income (loss) per Share/Unit	$0.27 $0.26	$0.22 $0.22	$0.22 $0.21	$0.21 $0.20	$0.20 $0.20	$0.36 $0.35	$0.16 $0.16	$1.34 $1.30

All periods reflect the implementation of IFRS. Q4-2011 includes a recovery of deferred income taxes of $2.3 million. Q2-2011 includes the significant gains from the LifeMark Transaction.

OUTSTANDING SHARES

At March 31, the Corporation had authorized, issued and outstanding, 25,209,113 voting common shares. In the three months ended March 31, 2013, the Corporation issued 2,461,000 shares by short form prospectus, 198,400 shares as a result of the exercise of options, 181,821 by a private placement to SHS management as part of the acquisition of preferred units in SHS and 31,250 shares that vested to Directors under the Restricted Share Unit (“RSU”) Plan.

At March 31, 2013, 205,181 restricted share units and 1,207,761 stock options were outstanding under the Corporation’s long-term incentive compensation plans. The weighted average exercise price of the outstanding options is $17.77.

SUBSEQUENT EVENTS

Subsequent to March 31, 2013, the Corporation consented to the early redemption of a portion of the preferred units in LifeMark. The Corporation received $22.5 million of proceeds from LifeMark which results in a decrease to the annual distributions from LifeMark from $7,020,000 to $4,608,550. The remainder of the units can be repurchased after June 9, 2013 with 30 days notice. Proceeds were used to repay the total outstanding debt of $14 million, leaving $8.5 million to be held for contributions to new and existing Partners.

Subsequent to March 31, 2013, the Corporation extended a short-term credit facility to Labstat for a maximum of $4.6 million ($2.1 million drawn to date) to assist them with working capital requirements through a transition period where new regulations in their industry, that are expected to increase the market they operate in, are being implemented.

OUTLOOK

Alaris' agreements with the Partners provide for payments estimated to provide the Corporation approximately $43.0 million of revenues for 2013. For the second quarter of 2013, those same agreements call for revenues of approximately $10.8 million for the Corporation. Annual general and administrative expenses are currently estimated at $4.0 million annually and include all public company costs. The senior debt facility was drawn to $14 million and the annual interest rate on that debt was approximately 6.0% at March 31, 2013. Cash requirements after net income are expected to be minimal, as current capital expenditures consist of office furniture and computer equipment.

The Corporation plans to continue to seek out and enter into transactions accretive to the Corporation's earnings per share in the current Private Company Partners and other private businesses.

Certain information contained herein may be considered to be future oriented financial information or financial outlook under applicable securities laws, the purpose of providing such information in this MD&A is to demonstrate the visibility the Corporation has with respect to its revenue streams, subject to the risks identified for the business, and readers are cautioned that the information may not be appropriate for other purposes. See also "Forward Looking Information" below.

RISKS AND UNCERTAINTY

A complete discussion of the risks faced by the Corporation can be found under the MD&A that accompany the audited financial statements for the year ended December 31, 2012.

FORWARD-LOOKING STATEMENTS

This MD&A contains forward looking statements. Statements other than statements of historical fact contained in this MD&A may be forward looking statements, including, without limitation, management's expectations, intentions and beliefs concerning the growth, results of operations, performance and business prospects and opportunities of the Corporation and the Partners, the general economy, the amount and timing of the declaration and payment of dividends by the Corporation, the future financial position or results of the Corporation, business strategy, growth opportunities, budgets, projected costs and plans and objectives of or involving the Corporation or the Partners. In particular, this MD&A contains forward looking statements regarding the revenues anticipated to be received from the Partners and the Corporation's general and administrative expenses as well as the expected future performance of the Partners. Many of these statements can be identified by looking for words such as "believe", "expects", "will", "intends", "projects", "anticipates", "estimates", "continues" or similar words or the negative thereof. There can be no assurance that the plans, intentions or expectations upon which these forward looking statements are based will occur. Forward looking statements are subject to risks, uncertainties and assumptions and should not be read as guarantees or assurances of future performance. Accordingly, readers are cautioned not to place undue reliance on any forward looking information contained in this MD&A. Statements containing forward looking information reflect management's current beliefs and assumptions based on information in its possession on the date of this MD&A. Although management believes that the expectations represented in such forward looking statements are reasonable, there can be no assurance that such expectations will prove to be correct.

Statements containing forward-looking information by their nature involve numerous assumptions and significant known and unknown facts and uncertainties of both a general and a specific nature. The forward looking information contained herein are based on certain assumptions, including assumptions regarding the performance of the Canadian and U.S. economies in 2013 and how that will affect our business and our ability to identify and close new opportunities with new Private Company Partners; the continuing ability of the Private Company Partners to pay the distributions; and the performance of the Private Company Partners. Some of the factors that could affect future results and could cause results to differ materially from those expressed in the forward looking statements contained herein include risks relating to: the dependence of the Corporation on the Partners; risks relating to the Partners and their businesses; reliance on key personnel; general economic conditions; failure to complete or realize the anticipated benefits of transactions; limited diversification of Alaris' transactions; management of future growth; availability of future financing; competition; government regulation; leverage and restrictive covenants under credit facilities; the ability of the Partners to terminate the various agreements with Alaris unpredictability and potential volatility of the trading price of the common shares; fluctuations in the amount of cash dividends; restrictions on the potential growth of the Corporation as a consequence of the payment by Alaris of substantially all of its operating cash flow; income tax related risks; future sales of common shares by significant shareholders; ability to recover from the Partners for defaults under the various agreements with Alaris; potential conflicts of interest; dilution; and liquidity of Common Shares. The information contained in this MD&A, including the information set forth under "Risks and Uncertainty", identifies additional factors that could affect the operating results and performance of the Corporation. Without limitation of the foregoing assumptions and risk factors, the forward looking statements in this MD&A regarding the revenues anticipated to be received from the Partners and the Corporation's general and administrative expenses are based on a number of assumptions including no adverse developments in the business and affairs of the Partners that would impair their ability to fulfill their payment obligations to the Corporation and no material changes to the business of the Corporation or current economic conditions that would result in an increase in general and administrative expenses.

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward looking statements included in this MD&A are made as of the date of this MD&A and Alaris does not undertake or assume any obligation to update or revise such statements to reflect new events or circumstances except as expressly required by applicable securities legislation.

ADDITIONAL INFORMATION

Additional information relating to the Corporation, including the Corporation's Annual Information Form, is on available on SEDAR at www.sedar.com.